also a rule equally familiar that courts will not interfere ordinarily with the internal management of corporations. 5 THOMPSON, CORP., § 5693. But the protection of the rights of shareholders in incorporated companies against the improper, fraudulent, or illegal actions of other shareholders, or of the officers of the company, is a favorite branch of the jurisdiction of equity by injunction. 2 HIGH, INJUNCTIONS. § 1203. Shareholders, in their capacity as shareholders, cannot however, sue in equity to redress wrongs done to the corporation, for the corporation in such a case is the real party in interest. 1 MORAWETZ, CORP., § 235. The doctrine of the principal case finds support in the distinction between actions by shareholders to redress wrongs done to the corporation, and actions to redress wrongs to the shareholders themselves. In order that equity jurisdiction may be invoked in cases not governed by statute, three things must ordinarily concur: (1) The matter complained of must be a breach of duty on the part of the directors or majority stockholders. *Hingston* v. *Montgomery,* 121 Mo. App. 451, 97 S. W. 202; *Ward* v. *Hotel Randolph Co.,* 65 W. Va. 721, 63 S. E. 613; *Clark* v. *Apex Mining Co.,* 13 N. M. 416, 85 Pac. 968. (2) The corporation itself must fail or refuse to demand redress. *Polhemus* v. *Polhemus,* 108 App. Div. 353, 95 N. Y. Supp. 325; *Perkins* v. *No. Pac. Co.,* 155 Fed. 445. (3) There must be an injury to the minority stockholders. *MacGinniss* v. *Boston etc. Mining Co.,* 29 Mont. 428, 75 Pac. 89; *Rosenbaum* v. *Rice,* 86 App. Div. 617, 83 N. Y. Supp. 494; *Hill* v. *Nisbet,* 100 Ind. 341. When these elements concur, the courts uniformly grant relief by injunction at the suit of an individual stockholder. See 10 CYC. 966 and cases there cited. As a general rule, however, the courts will not interfere at the suit of a minority shareholder, to control the discretion of directors or majority shareholders on questions of corporate management or policy, in the absence of fraud, negligence, or usurpation of power. MORAWETZ, CORP., § 243; 10 CYC. 969. For a recent case on this point, see *Red Bud Realty Co.* v. *South et al.* (1910), — Ark. —, 131 S. W. 340.

CORPORATIONS—NATURE OF A CORPORATION—FRANCHISES.—The city of Tacoma granted a franchise to the Tacoma Railway & Power Company, a New Jersey corporation, and provided for single fares over all lines controlled by it and for a transfer system covering such lines. Subsequently the city granted a franchise to the Pacific Traction Company, a Maine corporation, to operate street railways, and provided for a transfer to any other line within the city, which might give and receive transfers to and from the lines operated under the franchise. In 1909, the Puget Sound Electric Railway acquired a majority of the stock of the two railway companies, above mentioned, and for economy of administration, a physical connection between the two railways was made, the offices of the Pacific Traction Company were closed, and all the office work for the two companies was thereafter discharged at the offices of the Tacoma Railway & Power Company. In an action against the Tacoma Railway and Power Company to compel the giving of transfers from one system to the other, *Held,* that since the Tacoma Railway & Power Company and the Pacific Traction Company continued to exist as independent

corporations, and since the franchises granted to them did not require the giving of transfers from one line to the other, the court could not compel the issuance of such transfers. *State ex rel City of Tacoma* v. *Tacoma Ry. & Power Co.* (1911), — Wash. —, 112 Pac. 506.

This case presents a situation in which two competing public service corporations are controlled by a third, the latter being a majority stockholder in the other two. The court's decision is based on the well established principle that the ownership by one corporation of a majority or all the stock in another, does not affect their separate corporate identity. A corporation is a distinct entity, irrespective of the persons who own its stock. *Pullman's Palace Car Co.* v. *Mo. Pac. Ry.*, 115 U. S. 587; *Porter* v. *Pittsburg Bessemer Steel Co.*, 120 U. S. 649; *Atchison, Topeka & Santa Fe Ry. Co.* v. *Cochran*, 43 Kan. 225; *Jessup* v. *Ill. Cent. Ry. Co.*, 36 Fed. 735; *Ulmer* v. *Lime Rock Ry. Co.*, 98 Me. 579, 57 Atl. 1001; *Exch. Bank* v. *Macon Const. Co.*, 97 Ga. 1, 25 S. E. 326; *Monongahela, etc. Co.* v. *Pittsburg*, 196 Pa. St. 25, 46 Atl. 99; 1 COOK, STOCKS & STOCKHOLDERS and CORP. LAW, § 6; 1 THOMPSON, CORP., § 9; 1 CLARK & MARSHALL, CORP., § 6. Each corporation in the principal case, having a legal existence separate and distinct from the others, it was not competent for the court to compel the Tacoma Railway and Power Company, holding a franchise which provided for transfers only over lines controlled by it, to contract for the transfer of passengers with the Pacific Traction Company, although a majority of the stock of each corporation was held by another, and both corporations were, physically, component parts of one continuous railway system. The case presents one of the grave dangers of allowing one corporation, by statute, to become a shareholder in another. In the United States a corporation cannot, in the absence of express or implied statutory authority, become a stockholder in another corporation. MORAWETZ, PRIVATE CORP., §§ 431-433. See also 1 WILGUS, CORP., § 305, and cases there cited.

DEEDS—SPECIFIC PERFORMANCE OF A CONDITION SUBSEQUENT.—A grant by the grantor of the plaintiff to the predecessors of the defendant, after stating a consideration, recited that it was subject to the condition that the Railroad Company issue to the grantor, and the grantor's tenant, an annual pass over its lines. The grant contained a forfeiture clause with a right to reenter. Upon failure to furnish the passes by the defendant the plaintiff sues for specific performance on the condition. *Held,* a valid condition subsequent, and plaintiffs are not bound to declare forfeiture and take back the land, but may require specific performance of the agreement at their election. *Munro et al.* v. *Syracuse L. & N. R. Co.* (1910), — N. Y. —, 93 N. E. 516.

The test which seems to have been applied in the principal case was whether or not there was an adequate remedy at law. In *Aikin* v. *Albany, Vt. & Can. R. R. Co.*, 26 Barb. 289, in an action for specific performance, of a condition to construct two farm crossings, the court applied the above test and compelled the performance of the condition, and in an action of specific performance of a condition to reconstruct and restore a public road and crossing, the court held, after applying the above test, that although it could decree spe-